

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF FRANCIS WATER COMPANY )		
_____ )		
ALLEGED VIOLATION OF KRS CHAPTER 278 )		CASE NO.
		91-070

SHOW CAUSE ORDER

Francis Water Company is a private corporation engaged in the distribution of water to the public for compensation and is subject to the regulatory jurisdiction of this Commission pursuant to KRS 278.040.

On November 12, 1990, a periodic inspection was made of Francis Water Company operations by the Commission's Division of Engineering. The findings of that inspection were reduced to a report, attached hereto and incorporated herein as Appendix A, and sent to the utility on November 16, 1990. Francis Water Company's response to the inspection report, attached hereto and incorporated herein as Appendix B, was received on December 28, 1990.

According to the report, Francis Water Company is charging and collecting special charges to customers for collecting delinquent bills and to reconnect customers' service. The utility is also alleged to be collecting nonrecurring charges from customers without Commission approval. According to the utility investigator's work sheet, attached hereto and incorporated herein

as Appendix C, the utility is alleged to be making a \$25 charge for reconnection, a \$25 charge for customer deposits, a \$5 return check charge, and a \$25 charge for service investigations. These charges have not been approved by or filed with this Commission and do not appear in the utility's tariff.

KRS 278.160 provides:

(1) [E]ach utility shall file with the commission, within such time and in such form as the Commission designates, schedules showing all rates and conditions for service established by it and collected or enforced.

(2) No utility shall charge, demand, collect or receive from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules, and no person shall receive any service from any utility for compensation greater or less than that prescribed in such schedules.

It appears that Francis Water Company has failed to adhere to the provisions of KRS 278.160 in charging rates not included in its tariff and which have not been approved by this Commission. Accordingly, the Commission finds that a prima facie showing has been made that Francis Water Company has violated KRS 278.160 by charging unauthorized rates and Francis Water Company should cease charging any and all rates not specifically approved by this Commission.

IT IS THEREFORE ORDERED that:

1. Francis Water Company shall appear at a hearing scheduled for April 11, 1991 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, and be prepared to show cause why

Francis Water Company should not be penalized pursuant to KRS 278.990 for its failure to comply with KRS 278.160.

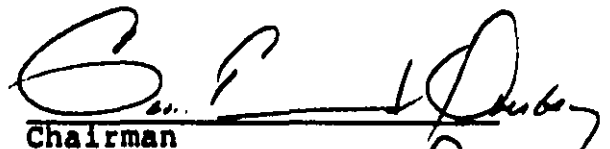
2. Francis Water Company shall immediately cease charging any rates and special charges not specifically approved by this Commission.

3. Francis Water Company shall submit a written response to all allegations contained herein within 20 days of the date of this Order.

4. Within 20 days of the date of this Order, Francis Water Company shall file a schedule showing a monthly breakdown of miscellaneous service revenues collected for the last 5 years. The schedule shall list each and every unauthorized special charge or service charge collected and shall show each individual customer's name and address from whom each charge was collected.

Done at Frankfort, Kentucky, this 12th day of March, 1991.

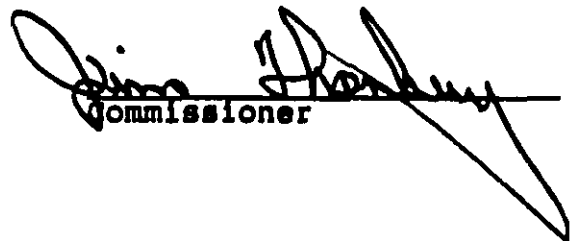
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

  
Executive Director

  
Commissioner



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

November 16, 1990

Mr. Nello Francis  
President  
Francis Water Company  
P. O. Box 7  
Garrett, KY 41630-0007

Dear Mr. Francis:

On November 12, 1990, a periodic inspection was made of Francis Water Company by George E. Allison, Utility Investigator with the Public Service Commission. The comments on this inspection have been condensed into a report, which is being sent herewith in the interest of obtaining your response. We would appreciate receiving your response to this report no later than December 17, 1990.

Please feel free to call Mr. Allison at (502) 564-6736 for any clarification you may need on this matter.

Sincerely,

A handwritten signature in black ink, reading "Eddie B. Smith". The signature is written in a cursive, flowing style.

Eddie B. Smith, Manager  
Water & Sewer Branch  
Division of Utility Engineering  
& Services

EBS:GEA:aem  
Attachment

Commonwealth of Kentucky  
Public Service Commission

UTILITY INSPECTION REPORT

Francis Water Company  
Garrett, Kentucky

Utility operations, utility maintenance, utility management and their effect on utility services are a primary concern of the Commission and this Division. Our ongoing inspection program is an expression of this concern. During each inspection, I am stressing: (1) the importance of periodic testing of customers' meters, (2) the importance of accounting for all water purchased and/or produced, (3) the need for surveillance of system operations and (4) the significance of good operating records.

The subject inspection was made November 12, 1990. The utility consists of a treatment plant facility and distribution system operating in Floyd County, Kentucky. It has approximately 265 customers on its system. The utility representative providing information and assistance during this inspection was Nello Francis, manager of the Company.

The Company's facility operations and its office procedures were reviewed for compliance with the Kentucky Revised Statutes (KRS 278) and the Public Service Commission Regulations (807 KAR).

The following deficiencies were noted:

1. The utility is not keeping a record of all complaints concerning utility service as required in 807 KAR 5:006, Section 8.

2. The utility is charging "special charges" to customers for collecting delinquent bills and reconnection of customers service. These special charges are not on file with the Commission as required by 807 KAR 5:006, Section 12.
3. The utility is not maintaining its system maps as required in 807 KAR 5:006, Section 18(1).
4. The utility is not keeping its records in its principal office or other safe storage place pursuant to 807 KAR 5:006, Section 19.
5. The utility has adopted a safety program, however this program does not provide for instruction of its employees in accepted methods of artificial resuscitation in accordance with 807 KAR 5:006, Section 22(3).
6. The utility is collecting non-recurring charges from customers without Commission approval as required in 807 KAR 5:011, Section 10.
7. The utility has no emergency standby pumping equipment in the event of failure of the primary pumping facilities as required by 807 KAR 5:066, Section 5(3).
8. The utility is not performing nor keeping records of annual pressure surveys as specified by 807 KAR 5:066, Section 6(3).
9. The utility does not provide blow-off valves on dead end lines for the purpose of flushing as required by 807 KAR 5:066, Section 9(2).

#### Recommendations

A written response should be prepared and forwarded to the Public Service Commission within 30 days of the date of receipt of this report. This response should say what has been done or what will be done to correct each noted deficiency. A starting

Report - Francis Water Company  
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date and a completion date should be given for actions that are to be accomplished after the date the response is mailed.

Submitted,  
November 16, 1990

  
George E. Allison  
Utility Investigator

KW:11  
04

CGR:GEA:aem

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-070 DATED 3/12/91

FRANCIS WATER COMPANY  
Box 7  
Garrett, Kentucky 41630

March 10, 1991

Mr. Lodie E. Smith, Manager  
Water and Sewer Branch  
Division of Utility Engineering and Service  
Public Service Commission  
700 Schenck Lane  
To: 615  
Frankfort, Ky. 0612

Dear Mr. Smith:

I have your report of deficiencies found by  
Mr. George Allison on his inspection of Nov. 12,  
1990.

We are in the process of correcting these  
deficiencies, with your approval. We hope to  
have all completed by June 1, 1991.

If further information is needed please contact me.

Sincerely,  
*Willie Francis*  
Willie Francis, Manager  
Francis Water Co.



APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-070 DATED 3/12/91

MEMORANDUM

TO: Phyllis Fannin, Director  
Division Research

THRU: Eddie B. Smith, Manager  
Water and Sewer Branch

*EBS*

FROM: George E. Allison, ~~Mr. Michael Newborn~~  
Utility Investigator  
Water and Sewer Branch

DATE: November 16, 1990

RE: Unauthorized Charges

On November 12, 1990, a periodic inspection was made  
of Francis Water Company ~~xxxxxxx~~.  
During this inspection several discrepancies were found between  
what is on file with the Public Service Commission and what the  
utility charges. The following is a list of my findings:

	PSC File	Utility Charges
Residential Rate	_____	_____
Commercial Rate	_____	_____
Wholesale Rate	_____	_____
Water Hauling Rate	_____	_____
Other: _____		

Special Charges

	PSC File	Utility Charges
Connection Charges	_____	_____
Reconnection Charge	<u>0</u>	<u>\$25.00</u>

Memo - Phyllis Fannin  
November 16, 1990  
Page 2

	PSC File	Utility Charges
Disconnection Charge	_____	_____
Customer Deposit	<u>0</u>	<u>\$25.00</u>
Customer Requested Meter Test	_____	_____
Returned Check Charge	<u>0</u>	<u>5.00</u>
Penalty for Late Payment	_____	_____
Re-reading Meter	_____	_____
Bad Check	_____	_____
Service Investigation Charge	<u>0</u>	<u>25.00</u>
Other:	_____	

Special Contracts:

Please have someone look into this matter for further review and correction.